



DEPARTMENT OF  
**FINANCE**

ARNOLD SCHWARZENEGGER, GOVERNOR

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November 15, 2007

Ms. Kris Perry, Executive Director  
First 5 California  
2389 Gateway Oaks Drive, Room 260  
Sacramento, CA 95833

Dear Ms. Perry:

**Final Audit Report on the Children and Families Trust Fund and Related Accounts**

Enclosed is the final report on our financial audit of the Children and Families Trust Fund and related accounts, for the fiscal year ended June 30, 2007. Our audit was performed under interagency agreement number CCFC 7074, between First 5 California and the California Department of Finance.

The financial statements were fairly presented in accordance with generally accepted accounting principles. Because there were no findings or issues requiring a response we are issuing the report as final.

We appreciate the cooperation and assistance of First 5 California staff and management during our audit. If you have any questions regarding this report, please contact Richard R. Sierra, Manager, or Jim Kong, Supervisor, at (916) 322-2985.

Sincerely,

*Original signed by Richard R. Sierra for:*

Janet I. Rosman, Assistant Chief  
Office of State Audits and Evaluations

Enclosure

cc: Mr. Hector Ramirez, Chair, First 5 California  
Ms. Terry L. Miller, Chief, Administrative Services Division, First 5 California

# A F I N A N C I A L S T A T E M E N T A U D I T

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## First 5 California Children and Families Trust Fund and Related Accounts For the Fiscal Year Ended June 30, 2007

Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

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The Department of Finance, Office of State Audits and Evaluations (Finance), performed this audit in accordance with interagency agreement number CCFC 7074 between First 5 California and Finance. The audit includes an opinion on the *Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance* of the Children and Families Trust Fund and related accounts (Fund), for the fiscal year ended June 30, 2007.

The financial audit objectives were to:

- Express an opinion on the financial statements based on our audit, conducted in accordance with standards applicable to financial audits contained in *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States.
- Verify that the financial statements were prepared in conformity with generally accepted accounting principles for governmental funds.
- As necessary, report on internal control over financial reporting weaknesses, as well as noncompliance with applicable laws and regulations, and provide recommendations for improving controls over the Fund's operations.

This report is intended solely for the information and use of First 5 California and the Legislature, and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited. Requests for copies should be made to First 5 California.

## STAFF:

Richard R. Sierra, CPA  
Manager

Jim Kong, CPA  
Supervisor

Kylie Le  
Regina Lee  
Amy Dieng

## INDEPENDENT AUDITOR'S REPORT

Ms. Kris Perry, Executive Director  
First 5 California  
2389 Gateway Oaks Drive, Room 260  
Sacramento, CA 95833

We have audited the accompanying *Balance Sheet* as of June 30, 2007, and the related *Statement of Revenues, Expenditures, and Changes in Fund Balance* of the Children and Families Trust Fund and related accounts (Fund), for the fiscal year then ended. These financial statements are the responsibility of First 5 California's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with *Generally Accepted Government Auditing Standards (GAGAS)*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In connection with our audit, there are certain disclosures required by GAGAS. Both the audited entity and the Department of Finance, of which the Office of State Audits and Evaluations is a unit, are part of the State of California's Executive Branch, which GAGAS considers an impairment of independence. Also, as required by various statutes within the California Government Code, the Department of Finance's other units are mandated to perform certain management and accounting functions. These activities impair independence. Although the Department of Finance is statutorily obligated to perform these specific activities, we believe that sufficient safeguards and divisions of responsibility exist that would enable the reader of this report to rely on the information contained herein.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the Fund as of June 30, 2007, and the results of operations and changes in fund balance thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered First 5 California's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our

opinion on the effectiveness of First 5 California's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of First 5 California's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects First 5 California's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of First 5 California's financial statements that is more than inconsequential will not be prevented or detected by First 5 California's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by First 5 California's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether First 5 California's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Generally Accepted Government Auditing Standards*.

This report is intended solely for the information and use of First 5 California management, those charged with governance, and the Legislature, and is not intended to be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Original signed by:*

Richard R. Sierra, CPA  
Audit Manager, Office of State Audits and Evaluations  
(916) 322-2985

November 14, 2007

# BALANCE SHEET

## First 5 California Children and Families Trust Fund and Related Accounts Balance Sheet At June 30, 2007

	Children and Families Trust Fund (0623)	Counties Children and Families Account (0585)	Mass Media Communications Account (0631)	Education Account (0634)	Child Care Account (0636)	Research and Development Account (0637)	Administration Account (0638)	Unallocated Account (0639)
<b>Assets</b>								
Cash	\$ 43,422,612	\$ 84	\$ 493	\$ 147	\$ 138,361	\$ 272	\$ 44,196	\$ 221
Deposits in SMIF	6,176,000	36,989,000	52,838,000	132,319,000	64,253,000	74,305,000	24,053,000	3,818,000
Receivables	53,171,259	0	0	0	0	0	215	0
Due from Other Funds <sup>1</sup>	982,417	83,060,902	6,847,397	6,876,617	3,940,801	4,060,440	1,350,379	22,475,454
Prepaid Expenses	0	0	0	0	0	0	62,156	0
<b>Total Assets</b>	<b>\$ 103,752,288</b>	<b>\$ 120,049,986</b>	<b>\$ 59,685,890</b>	<b>\$ 139,195,764</b>	<b>\$ 68,332,162</b>	<b>\$ 78,365,712</b>	<b>\$ 25,509,946</b>	<b>\$ 26,293,675</b>
<b>Liabilities</b>								
Accounts Payable	\$ 0	\$ 34,809,441	\$ 3,134,533	\$ 118,998	\$ 932,701	\$ 90,751	\$ 108,807	\$ 528,082
Due to Other Funds <sup>1</sup>	103,752,288	0	3,530,829	7,550,322	4,303,759	6,226,707	253,236	78,554
Due to Other Governments	0	85,240,545	0	784,841	851,435	66,705	202,641	630,122
<b>Total Liabilities</b>	<b>103,752,288</b>	<b>120,049,986</b>	<b>6,665,362</b>	<b>8,454,161</b>	<b>6,087,895</b>	<b>6,384,163</b>	<b>564,684</b>	<b>1,236,758</b>
<b>Fund Balance</b>								
Reserved for Encumbrances	0	0	4,970,932	9,953,452	6,959,305	7,290,700	0	4,034,054
Reserved for Unencumbered Balances of Continuing Appropriations	0	0	48,049,596	120,788,151	55,284,962	64,690,849	24,945,262	21,022,863
<b>Total Fund Balance</b>	<b>0</b>	<b>0</b>	<b>53,020,528</b>	<b>130,741,603</b>	<b>62,244,267</b>	<b>71,981,549</b>	<b>24,945,262</b>	<b>25,056,917</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 103,752,288</b>	<b>\$ 120,049,986</b>	<b>\$ 59,685,890</b>	<b>\$ 139,195,764</b>	<b>\$ 68,332,162</b>	<b>\$ 78,365,712</b>	<b>\$ 25,509,946</b>	<b>\$ 26,293,675</b>

<sup>1</sup> - See Note 2

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## First 5 California Children and Families Trust Fund and Related Accounts Statement of Revenues, Expenditures, and Changes in Fund Balance For the Fiscal Year Ended June 30, 2007

	Children and Families Trust Fund (0623)	Counties Children and Families Account (0585)	Mass Media Communications Account (0631)	Education Account (0634)	Child Care Account (0636)	Research and Development Account (0637)	Administration Account (0638)	Unallocated Account (0639)
<b>Revenue</b>								
Cigarette Tax Revenue	\$ 603,311,512	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SMIF Interest Revenue	2,428,750	801,949	2,221,921	6,377,941	3,326,269	3,671,389	1,200,422	988,163
Other Revenue	0	0	7,107,653	1,278,818	0	0	0	0
<b>Total Revenue</b>	<b>605,740,262</b>	<b>801,949</b>	<b>9,329,574</b>	<b>7,656,759</b>	<b>3,326,269</b>	<b>3,671,389</b>	<b>1,200,422</b>	<b>988,163</b>
<b>Expenditures</b>								
Appropriation Expenditures	7,237,393	464,804,244	34,165,588	28,354,051	24,098,431	22,263,159	5,371,788	14,189,265
Excess (Deficiency) of Revenues Over (Under) Expenditures	598,502,869	(464,002,295)	(24,836,014)	(20,697,292)	(20,772,162)	(18,591,770)	(4,171,366)	(13,201,102)
<b>Other Financing Sources &amp; Uses</b>								
Operating Transfers In <sup>2</sup>	0	464,002,295	34,800,172	29,000,143	17,400,086	17,400,086	5,800,029	11,600,057
Operating Transfer Out <sup>2</sup>	(598,502,869)	0	0	0	0	0	0	0
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>0</b>	<b>9,964,158</b>	<b>8,302,851</b>	<b>(3,372,076)</b>	<b>(1,191,684)</b>	<b>1,628,663</b>	<b>(1,601,045)</b>
<b>Fund Balance July 1, 2006</b>	<b>0</b>	<b>0</b>	<b>43,056,370</b>	<b>122,438,752</b>	<b>65,616,343</b>	<b>73,173,233</b>	<b>23,316,599</b>	<b>26,657,962</b>
<b>Fund Balance June 30, 2007</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 53,020,528</b>	<b>\$130,741,603</b>	<b>\$ 62,244,267</b>	<b>\$ 71,981,549</b>	<b>\$ 24,945,262</b>	<b>\$ 25,056,917</b>

<sup>2</sup> - See Note 4

The accompanying notes are an integral part of the financial statements.



# NOTES TO FINANCIAL STATEMENTS

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## **First 5 California Children and Families Trust Fund and Related Accounts For the Fiscal Year Ended June 30, 2007**

### **NOTE 1      Summary of Significant Accounting Policies**

#### **A. Definition of Reporting Entity**

The Children and Families Trust Fund and its related accounts (Fund) were created by the California Children and Families Act of 1998 (Act). Programmatic and fiscal oversight was placed with the California Children and Families Commission (Commission). Subsequent to the Act, legislation was passed that provided for the Commission to be known as "First 5 California." The Act is intended to promote, support, and improve the early development of children from the prenatal stage to five years of age. The programs authorized by this Act are administered by First 5 California and by county children and families commissions.

Effective January 1, 1999, Section 30131.2 of the Revenue and Taxation Code authorized the State Board of Equalization (Board) to collect 87 cents for each cigarette pack distributed and a surtax on other tobacco products. Of the 87 cents collected, 50 cents is allocated and deposited into the Fund. The remainder funds the Proposition 99 and Breast Cancer programs.

The Fund was established to provide funding for research and development, education, training, and other functions specified in the Act. It primarily functions as a pass-through account which transfers funds to the related accounts according to allocation percentages established by the Act. The county commissions receive 80 percent of the funding and First 5 California receives 20 percent, which is allocated to seven separate accounts which implement specific functions of the Act, as illustrated in the following table.

## Allocation of Cigarette Tax Revenue

Account	Tax Revenue Allocation	Purpose
Counties Children and Families Account (0585)	80%	This account is established for 80 percent of the funds received in the California Children and Families Trust Fund (0623) to be allocated and appropriated to county commissions and expended for the purposes authorized in accordance with each county's strategic plan.
Mass Media Communications Account (0631)	6%	This account provides funding for communications to the general public utilizing television, radio, newspapers, and other mass media furthering the goals and purposes specified in the <i>California Children and Families Act of 1998</i> .
Education Account (0634)	5%	This account provides funding for education goals and purposes as specified in the <i>California Children and Families Act of 1998</i> .
Child Care Account (0636)	3%	This account provides funding for child care goals and purposes as specified in the <i>California Children and Families Act of 1998</i> .
Research and Development Account (0637)	3%	This account provides funding for research and development goals and purposes as specified in the <i>California Children and Families Act of 1998</i> .
Administration Account (0638)	1%	This account provides funding for administrative costs and other purposes as specified in the <i>California Children and Families Act of 1998</i> .
Unallocated Account (0639)	2%	This account provides funding for any other purposes of the <i>California Children and Families Act of 1998</i> , except for administrative costs.

Each county commission receives a portion of the funds equal to the percentage of the number of live births recorded in the relevant county for the most recent reporting period in proportion to the entire number of live births recorded in California for the same period. The live birth vital statistics are compiled by the Department of Public Health. All expenditures must be incurred in accordance with the provisions of the Health and Safety Code Section 130105 (d).

### B. Basis of Presentation—Fund Accounting

The Children and Families Trust Fund (Fund) and related accounts are classified as *Other Governmental Cost Funds* for State of California financial reporting purposes. *Other Governmental Cost Funds* are special revenue funds used to account for revenues restricted by law for specified purposes. The financial statements are presented in accordance with generally accepted accounting principles.

C. Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared using a current financial resources measurement focus and the modified accrual basis of accounting. This measurement focus concentrates on transactions that increase or decrease resources available for spending in the near future. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available to finance expenditures of the current period. Expenditures are recorded when the related liability is incurred.

D. Budget and Budgetary Control

The accounting policies of First 5 California conform to the State Administrative Manual (SAM) based on the State's budgetary provisions. Program funds are continuously appropriated without regard to fiscal year. First 5 California management is responsible for exercising budgetary control to ensure that appropriations are not overspent at the fund level. The State Controller's Office is responsible for statewide appropriation control and does not allow expenditures in excess of authorized appropriations.

E. Cash and Pooled Investments

Cash in excess of current needs is deposited in the state's centralized treasury system, which combines the balances of state agencies into a single bank account to simplify cash management. The Surplus Money Investment Fund (SMIF) is managed by the Pooled Money Investment Board (PMIB). State statutes, bond resolutions, and investment policy resolutions allow the PMIB to invest in United States government securities, Canadian government securities, state and municipal securities, certificates of deposit, banker's acceptances, commercial paper, corporate bonds, mortgage loans and notes, other debt securities, repurchase agreements, equity securities, real estate, investment agreements, mutual funds, and other investments.

Each fund whose monies are deposited in this pooled investment account has an equity share in the balance, with investment income allocated to participants based on relative equity at month-end.

F. Revenue

Revenues consist of the cigarette taxes collected on sales of cigarette packs and other tobacco products, interest income earned on funds deposited in the SMIF, refunds from reverted appropriations, and unclaimed checks escheated to the issuing fund.

G. Compensated Absences

Liability for vested and unpaid vacation and annual leave is reported as a long-term liability on the government-wide financial statements. It is anticipated that compensated absences will generally not be used in excess of a normal year's accumulation. Unused sick leave balances are not included in

compensated absences because they do not vest to employees. For further information, refer to the *State of California Comprehensive Annual Financial Report*.

#### H. Retirement Plan

Regular employees of First 5 California are members of the California Public Employees' Retirement System (CalPERS), which is a defined benefit contributory retirement plan. Retirement contributions by employees are set by statute as a percentage of payroll (Tier I employees), or are zero (Tier II employees). Retirement contributions are actuarially determined under a program where total contributions plus CalPERS' investment earnings will provide the necessary funds to pay retirement benefits when incurred. The employer contributions are included in the cost of personal services. For further information, refer to the annual single audit of the State of California, and to the CalPERS Comprehensive Annual Financial Report.

#### NOTE 2 Due To/From Other Funds

The Due To Other Funds account for the Fund represents the cigarette tax revenues due to the other seven related accounts as described in Note 1. Additionally, the Due To Other Funds for six of the seven other accounts<sup>3</sup> represents primarily the allocations due to the Unallocated Account 0639 for the School Readiness Program administered by First 5 California. Under this Program, First 5 California distributes funds to eligible counties, in addition to the required 80 percent allocation of cigarette taxes as provided in Note 1, to assist with the development of children ages 0 through 5 to ready them for school.

The balances of the Due To Other Funds category for each of the accounts are as follows:

##### Account 0623:

Counties' Children and Families Account	\$ 82,994,645
Mass Media Communications Account	6,224,598
Education Account	5,187,165
Child Care Account	3,112,299
Research and Development Account	3,112,299
Administration Account	1,046,416
Unallocated Account	<u>2,074,866</u>

Total Due To Other Funds \$103,752,288

##### Account 0631:

Unallocated Account	<u>\$ 3,530,829</u>
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##### Account 0634:

General Fund	\$ 176,760
Unallocated Account	<u>7,373,562</u>

Total Due To Other Funds \$ 7,550,322

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<sup>3</sup> The Counties' Children and Families Account (0585) does not have any amounts due to other funds.

Account 0636:	
Unallocated Account	<u>\$ 4,303,759</u>
Account 0637:	
General Fund	\$ 1,040,694
Unallocated Account	5,069,383
Department of Technology Services	<u>116,630</u>
Total Due To Other Funds	<u>\$ 6,226,707</u>
Account 0638:	
General Fund	\$ 163,821
State Compensation Insurance Fund	405
Service Revolving Fund	44,842
Department of Technology Services	<u>44,168</u>
Total Due To Other Funds	<u>\$ 253,236</u>
Account 0639:	
General Fund	<u>\$ 78,554</u>

The Due From Other Funds account represents the amounts due from the Fund for the cigarette tax revenue allocations and SMIF interest. The balances of Due From Other Funds for each of the accounts are as follows:

Account 0623:	
Surplus Money Investment Fund	\$ 623,810
Cigarette Tax - Board of Equalization	<u>358,607</u>
Total Due From Other Funds	<u>\$ 982,417</u>
Account 0585:	
Children and Families Trust Fund	\$82,994,645
Surplus Money Investment Fund	<u>66,257</u>
Total Due From Other Funds	<u>\$83,060,902</u>
Account 0631:	
Children and Families Trust Fund	\$ 6,224,598
Surplus Money Investment Fund	<u>622,799</u>
Total Due From Other Funds	<u>\$ 6,847,397</u>
Account 0634:	
Children and Families Trust Fund	\$ 5,187,165
Surplus Money Investment Fund	<u>1,689,452</u>
Total Due From Other Funds	<u>\$ 6,876,617</u>

Account 0636:	
Children and Families Trust Fund	\$ 3,112,299
Surplus Money Investment Fund	<u>828,502</u>
Total Due From Other Funds	<u>\$ 3,940,801</u>
Account 0637:	
Children and Families Trust Fund	\$ 3,112,299
Surplus Money Investment Fund	<u>948,141</u>
Total Due From Other Funds	<u>\$ 4,060,440</u>
Account 0638:	
Children and Families Trust Fund	\$ 1,037,433
Surplus Money Investment Fund	<u>312,946</u>
Total Due From Other Funds	<u>\$ 1,350,379</u>
Account 0639:	
Children and Families Trust Fund	\$ 2,074,866
Mass Media Communications Account	3,530,829
Education Account	7,373,562
Child Care Account	4,303,759
Research and Development Account	5,069,383
Surplus Money Investment Fund	<u>123,055</u>
Total Due From Other Funds	<u>\$22,475,454</u>

### NOTE 3 Fund Balance

The term *fund balance* is defined as the excess of the assets of a fund over its liabilities. Part or all of the total fund balance may be reserved as a result of law or generally accepted accounting principles. Reserves represent those portions of the fund balance that are legally segregated for specific uses.

*Reserved for Encumbrances* represents goods and services that are ordered, but not received, by the end of the fiscal year.

*Reserved for Unencumbered Balances of Continuing Appropriations* represents the unencumbered balances of all appropriations for which the period of availability extends beyond the period covered by this report. These appropriations are legally segregated for a specific future use.

### NOTE 4 Operating Transfers

Legally authorized transfers between state funds are reported on the *Statement of Revenues, Expenditures, and Changes in Fund Balance* as "Operating Transfers Out" or "Operating Transfers In," and are accounted for as reductions or increases in residual equity.

“Operating Transfers Out” represents the sum of the “Operating Transfers In” and the statutorily required backfill of \$18,500,000 for the Proposition 99 and Breast Cancer programs. The “Operating Transfers In” are calculated based on the applicable percentage of the Fund revenues, which include cigarette taxes and SMIF interest income. Balances are derived as follows:

Cigarette Tax Revenue	\$ 603,311,512
SMIF Interest Revenue	2,428,750
Board of Equalization State Operations	<u>(7,237,393)</u>
Total Operating Transfers Out	598,502,869
Backfill	<u>(18,500,000)</u>
Total Operating Transfers In	<u>\$ 580,002,869</u>

The Health and Safety Code Section 130105 requires the backfill of lost funding for certain Proposition 99 and Breast Cancer Fund programs. Specifically, the Code provides that the State Board of Equalization shall determine within one year of the passage of this act the effect that additional taxes imposed on cigarettes and tobacco products by this act has on the consumption of cigarettes and tobacco products in this state. To the extent that a decrease in consumption is determined by the State Board of Equalization to be the direct result of additional taxes imposed by this act, the State Board of Equalization shall determine the fiscal effect the decrease in consumption has on the funding of any Proposition 99 (the Tobacco Tax and Health Protection Act of 1988) state health-related education or research programs in effect as of November 1, 1998, and the Breast Cancer Fund programs that are funded by excise taxes on cigarettes and tobacco products. Funds shall be transferred from the California Children and Families Trust Fund to those affected programs as necessary to offset the revenue decrease directly resulting from the imposition of additional taxes by this act. Such reimbursements shall occur, and at such times, as determined necessary to further the intent of this subdivision.

#### **NOTE 5 Subsequent Events**

In January 2007, First 5 California identified unspent funds for First 5 San Bernardino's School Readiness Cycle 1, High Desert program. Pursuant to the terms of the School Readiness Program's Request for Funding for fiscal year 2006-07, any unspent distributed funds will roll over to the next year. However, First 5 California determined that the unspent balance of \$828,341 at the end of fiscal year 2006-07 was material and is requesting reimbursement of the balance. The recovered funds may be used to reimburse program related expenditures in any of the Cycle 2 programs for First 5 San Bernardino.

Additionally, First 5 California discovered that funds of \$337,000 were distributed to First 5 Kern in error. As a result, First 5 California is requesting reimbursement from First 5 Kern for the overpayment.